

## ANALYSIS OF ORIGINAL BILL

Author: Woods Analyst: Gloria McConnell Bill Number: AB 2343

Related Bills: See Legislative History Telephone: 845-4336 Introduced Date: 02/20/98

Attorney: Doug Bramhall Sponsor: DSS

SUBJECT: Child Support/Counties Refer Delinquencies to FTB/Exemption

### SUMMARY

Under this bill, among other things, a county could apply to DSS for exemption from mandatory referral of its delinquent child support accounts to Franchise Tax Board's (FTB) collection program if the county's program meets or exceeds the results of FTB's program. This analysis discusses only this provision of the bill.

### EFFECTIVE DATE

This bill would be effective and operative January 1, 1999.

### LEGISLATIVE HISTORY

AB 573 (Stats. 97, Ch. 599); AB 1395 (Stats. 97, Ch. 614); SB 247 (Stats. 97, Ch. 601), AB 1666 (Alquist, 1998); AB 1662 (Alquist, 1998); AB 2094 (Morrissey, 1998); AB 1823 (Cardenas, 1998); SB 1508 (Rainey, 1998).

### PROGRAM HISTORY/BACKGROUND

Federal law requires each state to have a single agency responsible for enforcing child support, but permits delegation of specific tasks to local levels. The Department of Social Services (DSS) is designated as the California state agency and is responsible for implementing a federally mandated statewide automated child support system, commonly referred to as SACSS. By state law, the county district attorneys (DAs) are delegated responsibility for enforcing child support, which includes collecting current payments and delinquencies and determining paternity in the case of children born out of wedlock. Once an ordered amount becomes delinquent, DAs are required to search for assets of the obligor and take collection actions as necessary to collect the delinquent account.

In 1993 (Speier, AB 3589; Stats. 92, Ch. 1223), Franchise Tax Board (FTB) began collecting delinquent child support through a pilot project in which DAs in six

### DEPARTMENTS THAT MAY BE AFFECTED:

\_\_\_ STATE MANDATE

\_\_\_ GOVERNOR'S APPOINTMENT

#### Board Position:

\_\_\_ S \_\_\_ O  
\_\_\_ SA \_\_\_ OUA  
\_\_\_ N \_\_\_ NP  
\_\_\_ NA \_\_\_ NAR  
\_\_\_ X \_\_\_ PENDING

#### Agency Secretary Position:

\_\_\_ S \_\_\_ O  
\_\_\_ SA \_\_\_ OUA  
\_\_\_ N \_\_\_ NP  
\_\_\_ NA \_\_\_ NAR  
DEFER TO \_\_\_

#### GOVERNOR'S OFFICE USE

Position Approved \_\_\_  
Position Disapproved \_\_\_  
Position Noted \_\_\_

Department Director Date  
Gerald H. Goldberg 3/17/98

Agency Secretary Date

By: Date

counties could voluntarily refer their delinquent child support accounts to FTB for collection as though they were delinquent personal income taxes. In 1995, the program was expanded to include voluntary referral from all counties (Speier, AB 923; Stats. 94, Ch. 906). Effective on January 1, 1998, DAs are required to refer all child support obligations that they are responsible for enforcing that are 91 days or more delinquent to FTB for collection as though they are delinquent. DSS may grant an exemption if a county's child support collection program, including hardware and software, is similar or identical to the technology used by FTB and the county's program was in operation April 1, 1997. San Diego County is exempted from the mandatory referral program.

Additionally, DAs can voluntarily refer child support delinquencies that are less than 91 days delinquent to FTB for collection as though they are delinquent personal income taxes. No collection action may be taken for certain delinquencies, in which case the account is not referred or is withdrawn from FTB. To collect delinquent child support, FTB may use any of its tax information sources and tax collection remedies. Once a DA refers a child support delinquency, FTB issues to the obligor a notice of the amount due and, if payment is not made, may issue withhold orders to attach property of the debtor.

As of January 31, 1998, San Diego County continues to be exempt from participating in FTB's child support collection program. Thirteen counties (Amador, Colusa, Glenn, Imperial, Kern, Madera, Mariposa, Modoc, Mono, Shasta, Sutter, Tuolumne, Yuba) will be integrated into FTB's child support collection program in 1998, and the remainder of the 58 counties are now fully integrated. FTB's delinquent child support collection program has collected approximately \$192 million. FTB produces a monthly report detailing FTB's child support activities and collections per counties. This report is available upon request.

#### SPECIFIC FINDINGS

**Currently**, to be exempt from the requirement of referring child support delinquencies to FTB, a county must have a program, including hardware and software, similar or identical to the technology used by FTB, and the county program must have been in operation as of April 1, 1997.

**Under this bill**, the criteria for exemption are broadened and are not based on technology capabilities. A county could be exempt from FTB's program if the county meets or exceeds FTB's results.

#### Implementation Consideration

This bill could be implemented by FTB staff without significant problems. However, the hardware and software standards in current law provide more objective criteria for comparing programs. Removal of the objective criteria may lead to disputes concerning how the "results" are determined.

#### FISCAL IMPACT

##### Departmental Costs

This bill should not significantly impact FTB's departmental costs.

Collection Estimate

It is not anticipated that this bill would have a significant impact on FTB's involvement in the child support collection effort.

BOARD POSITION

Pending.